

## Message Text

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PAGE 01 TOKYO 10250 070528Z  
ACTION COME-00

INFO OCT-01 EA-12 ISO-00 EB-08 /021 W  
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TO SECSTATE WASHDC 8541

UNCLAS TOKYO 10250

PASS USDOC

E.O. 11652: NA  
TAGS: BEXP, JA  
SUBJECT: U.S. EXPORT DEVELOPMENT MISSIONS TO JAPAN:  
MACHINE TOOLS/AUTO PARTS

REF: TOKYO 9067

SUMMARY: OFFICIALS OF BOTH TOYOTO AND HONDA MOTOR CO.  
HAVE PROMISED OFFER SUGGESTIONS RE MAKE-UP OF OCTOBER  
AUTO PARTS MISSION WITHIN FEW WEEKS TIME. BOTH GROUPS  
APPEAR INTERESTED IN CULTIVATING LONG TERM TRADING  
RELATIONSHIPS AND EMBOFF HAS ASSURED THEM THIS IS ALSO  
GOAL OF MISSION. END SUMMARY.

1. ON JUNE 1 EMBOFF MET WITH OFFICIALS OF TOYOTA MOTOR  
CO. TO SOLICIT THEIR SUGGESTIONS RE TYPES OF PRODUCTS  
THEY WOULD LIKE TO SEE REPRESENTED IN OCTOBER AUTO PARTS  
EXPORT DEVELOPMENT MISSION OFFICIALS STRESSED THAT  
SINCE 1973 TOYOTA HAS HAD A SPECIAL PURCHASING REPRESENTATIVE  
BASED IN ITS NEW YORK OFFICE WHO MAINTAINS REGULAR CONTACT  
WITH U.S. MANUFACTURERS. COMPANY HAS ALSO RECENTLY SET UP  
A SPECIAL DIVISION AT TOYOTA HEADQUARTERS TO PROCURE PARTS  
FROM FOREIGN COUNTRIES. THEY INDICATED THAT SPECIFICATIONS  
WERE OFTEN A PROBLEM SINCE MOST PARTS MADE OVERSEAS DID  
NOT FIT JAPANESE  
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CARS. EMBOFF STRESSED THAT OCTOBER MISSION WAS NOT  
LOOKING FOR THE QUICK SALE BUT WAS AN "EXPORT DEVELOPMENT"  
MISSION WHOSE MEMBERS WOULD BE WILLING TO SORT OUT THIS  
TYPE OF PROBLEM AND DEVELOP LONG-TERM TRADING RELATIONSHIPS.  
TOKYO OFFICIALS PROMISED TO DISCUSS MISSION WITH TOYOTO  
HEADQUARTERS OFFICIALS AND OFFER SUGGESTIONS WITHIN A FEW  
WEEKS TIME.

2. SAME AFTERNOON EMBOFF MET WITH HONDA MOTOR OFFICIALS TO PROMOTE MISSION. ALTHOUGH HONDA GROUP PLANS TO SPEND SOME \$76 MILLION ON IMPORTS FROM THE U.S. DURING JFY 78, ALMOST THREE-QUARTERS OF THIS AMOUNT WILL BE FOR GRAIN PURCHASES AND SLIGHTLY OVER A HALF MILLION DOLLARS FOR AUTO PARTS AND COMPONENTS. NEVERTHELESS HONDA NOW HAS A REPRESENTATIVE TRAVELING IN THE U.S. TO SEEK OUT POSSIBLE PART AND COMPONENT PURCHASES. OFFICIALS PROMISED TO BE BACK IN TOUCH WITH US BY MID-JUNE TO OFFER SUGGESTIONS FOR PARTICIPANTS IN OCTOBER MISSION. OFFICIALS INDICATED HONDA WOULD BE MOST INTERESTED IN ALREADY FABRICATED PARTS SINCE THEIR SMALLER SCALE OF PRODUCTION (COMPARED TO TOYOTA AND NISSAN'S) DOES NOT JUSTIFY A MANUFACTURER'S RETOOLING TO PRODUCE SPECIAL SPECIFICATIONS. HONDA STRESSED THAT THEIR AUTO PART/COMPONENT PURCHASE DECISIONS WOULD PROBABLY BE MADE ON THE BASIS OF LOW PRICE. THEY POINTED OUT, FOR EXAMPLE, THAT A JAPANESE MANUFACTURER/EXPORTER OFTEN SELLS AT COST (OR EVEN BELOW) IN ORDER TO SECURE ACCESS TO A NEW MARKET.

3. COMMENT: THROUGHOUT DISCUSSIONS, EMBOFF STRESSED THAT OCTOBER MISSION IS INTERESTED PRIMARILY IN CULTIVATING LONG-TERM TRADING RELATIONSHIPS AND THAT MISSION MEMBERS WOULD BE WILLING TO SPEND SUFFICIENT TIME WITH UNCLASSIFIED

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EACH MANUFACTURER TO EXPLORE THESE POSSIBILITIES. WE WILL FORWARD TOYOTA AND HONDA SUGGESTIONS FOR MISSION AS SOON AS THEY ARE RECEIVED; NISSAN TRADING HAS NOW TOLD US THEY WOULD PREFER TO MEET WITH US IN JULY AND WE WILL FOLLOW UP WITH THEM THEN.

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## Message Attributes

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**Current Classification:** UNCLASSIFIED  
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